NEWSPAPER

# Advertising Age

October 1, 1990

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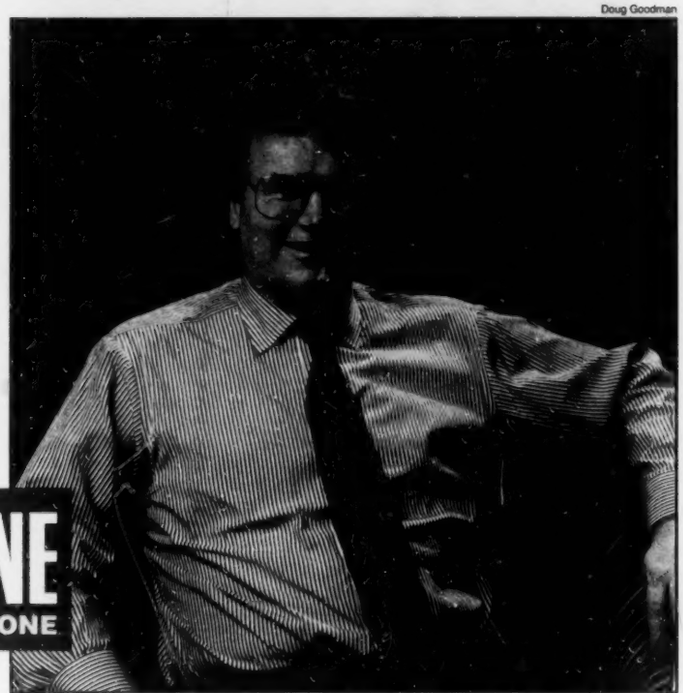
# 'Underdog' bites back

## CBS' Stringer shepherds net to ratings win in premiere run

*CBS shocked the TV industry by winning the prime-time TV ratings race for the week ended Sept. 23, the network's first premiere-week victory since 1984. It was also the first regular-season win during Howard Stringer's 25-month tenure as president of the CBS/Broadcast Group.*

*In the midst of a giddy week "mired in first place," Mr. Stringer, 48, a 20-year veteran of CBS News, talked to* Advertising Age *Reporter Wayne Walley about the task of rebuilding the one-time "Tiffany" network's tarnished image in a more competitive marketplace.*

Doug Goodman




Broadcast chief Howard Stringer: a "staggering" victory for CBS.

**Advertising Age:** *What does the premiere-week ratings win do for morale at CBS?*

**Mr. Stringer:** There were more spontaneous champagne parties thrown in this company than for a long, long time. It's exhilarating. . . . I used to make jokes about being "mired in third place" as if it were one word. Winning the week was so staggering we almost didn't know how to handle it. We were running around with this stream of consciousness involving good news: first in 25-54; no longer first in over 65; women like us now; kids even like us a lot more, up 25%.

**AA:** *Were you caught by surprise?*

**Mr. Stringer:** We weren't sure we'd get first place, but we did see it coming—that we would be very competitive. With "Evening Shade" and "[The Trials of] Rosie O'Neill," we had quality to add to "Designing Women," "Murphy Brown," "Murder, She Wrote" and so on.

We had no way of knowing how good "The Flash" was going to be because with just a script and a few scenes, the special effects and

*(Continued on Page 56)*

# Saturn takes to the air as debut nears

**By Cleveland Horton**

LOS ANGELES—General Motors Corp.'s $3 billion-plus gamble to wrest sales from the imports goes public in TV commercials this week—a teaser campaign that shuns cars to focus on the new Saturn subsidiary's philosophy.

Saturn is the biggest and most eagerly awaited new-product launch of the year, with ad spending expected to reach $100 million through the end of 1991.

The teaser spots will yield to product-oriented advertising Oct. 25, when the first cars go on sale in California, the Southeast and Tennessee, said Don Hudler, Saturn VP-sales, service and marketing.

**"Our success is going to be judged . . . by our collective key work in advertising to bring in Saturn prospects that have not considered a domestic product for years."**

The six commercials emphasizing the company and its new way of doing business will air regionally through next year as Saturn rolls out its cars across the country.

Saturn officials and executives from agency Hal Riney & Partners, San Francisco, screened two of the prelaunch spots before a luncheon last week sponsored by the Advertising Club of Los Angeles. Among those attending were representatives of Saturn's primary competitors—the Japanese imports—and their ad agencies.

As expected, the TV drive emulates the print campaign that broke last month and promotes the tagline, "A different kind of company. A different kind of car."

The spots feature actors portraying Saturn employees. In one commercial, an assembly line worker outlines the recent history of the domestic automobile industry.

"It was the '60s, and of all the things we could be think-

*(Continued on Page 54)*

# Diamandis out . . . for now

## Publisher exits Hachette; may start own company

**By Scott Donaton**

Peter Diamandis is likely to return to the magazine industry after an abrupt exit last week from what's now Hachette Magazines. And Hachette, publisher of 17 magazines, may be headed for a downsizing.

The 58-year-old executive, who has a passion for fixing, building and launching magazines, will probably be shopping for titles and could return as the head of a new publishing company in several months, a source close to him said.

Mr. Diamandis stepped down as chairman-ceo of Diamandis Communications Inc. because of differences with its French parent, Hachette S.A., over the direction of the publishing company.

DCI was quickly renamed Hachette Magazines and, sources close to the company say, could be headed for a restructuring that will include layoffs. The company denies there's any restructuring planned and that layoffs are imminent.

P. Diamandis

Two other DCI executives would likely join Mr. Diamandis if he returns to publishing. They are Mr. Diamandis' close friends Robert F. Spillane and Arthur Sukel, who also left the company last week. Mr. Spillane was exec VP and Mr. Sukel senior VP-chief financial officer.

"I think Peter will shortly resurface doing something in publishing, something entrepreneurial," said a Hachette Magazines executive who asked not to be identified.

One sign that the 25-year magazine veteran isn't ready to cut his ties to the publishing industry is his decision to stay active in the Magazine Publishers of America.

Mr. Diamandis' two-year term as MPA chairman ends next week, but the MPA said he will keep the title until then and will address the group's annual meeting in Scottsdale, Ariz., Oct. 7 to 10.

"If [Hachette] thinks the timing of this, where he has to go stand before the entire magazine community, is going to hurt him, they're sadly mis-

*(Continued on Page 56)*

## LAST MINUTE NEWS

### Lesser, Roffe set up company

SADDLE BROOK, N.J.—Michael Lesser, the former president of Ogilvy & Mather's New York office, is joining forces with Kenneth Roffe, the former president of Lowe Marschalk, Cleveland. They've formed Lesser & Roffe Co., which will recommend trading brands between companies rather than selling them.

### Coors changes water campaign

GOLDEN, Colo.—Adolph Coors Co. agreed to revise its controversial "Where was this beer born?"

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# McElligott sets up shop, leaving Chiat

**By Jon Lafayette and Bob Geiger**

Creative superstar Tom McElligott resigned from Chiat/Day/-Mojo last week to form a new Minneapolis agency.

In concert with two executives from Chiat and two from another shop, McElligott Wright Morrison White will open its doors Nov. 1.

Mr. McElligott, 47, will be chairman and creative director of the new shop. His partners are President Tony Wright, 30, formerly VP-director of account management at Chiat's Toronto office; Associate Creative Director John Morrison, 38, formerly VP-group creative director at Carmichael Lynch, Minneapolis; Director of Account Planning Rob White, 34, formerly VP-director of account planning at Chiat's home base in Venice, Calif.; and Director of Finance & Administration Claire Canavan, 40, formerly chief financial officer at Carmichael Lynch.

Mr. McElligott couldn't be reached late last week, but a release describing the new agency was sent out. In part, Mr. McElligott said in the release: "Ironically, we believe that the looming recession is the perfect environment for this agency's birth. . . . the maintenance of a brand remains vital."

Although the new agency hasn't chosen office space yet, Ms. Canavan said the building currently housing Chiat's Minneapolis office, created as a base for Mr. McElligott, is a possibility.

The agency had girded for the opening and already had retained an answering service in Minneapolis to handle calls from the media.

"We don't have any clients at the moment," Mr. Wright said last week. "We have a couple of interesting leads. The clients we're talking to are national brands."

He added: "We see ourselves as a national agency that happens to be starting in Minneapolis. Our plan is to go where business takes us."

Mr. Wright said neither he nor his partners had contacted any of their Chiat or Carmichael clients.

Mr. McElligott's exit as Chiat's exec VP-executive creative director, after only nine months, leaves the agency without the big new-business gun it needed to reverse a string of account losses that led to a restructuring of its New York office. Chiat was counting on Mr. McElligott to pilot the attempt to keep the $35 million Royal Caribbean Cruise Line account, now under review.

**"Ironically, we believe that the looming recession is the perfect environment. . . ."**
Tom McElligott

"We're pretty upset he left just before Royal Caribbean," said one high-level Chiat executive. "He had an active part in that presentation."

"We're really disappointed, and if it were any other reason we'd be hurt," said Chiat founder and Chairman Jay Chiat. "He's taken a few of our people, so we're not thrilled about that."

Mr. Chiat said Mr. McElligott decided to leave Chiat because he wanted to run his own agency. Mr. Wright also insisted the departures weren't a slap at Chiat but a result of an entrepreneurial spirit among the executives, which had been brewing for some time.

Mr. McElligott's reputation bloomed in Minneapolis, where he co-founded Fallon McElligott Rice in 1981. Fallon was named *Advertising Age's* Agency of the Year in 1984 and attracted such national advertisers as Federal Express Corp. and Lee Apparel Co.

Mr. McElligott left Fallon in 1987, after "creative differences" with agency Chairman Pat Fallon, though the agency said "personal reasons" were behind Mr. McElligott's departure. At the time, Mr. McElligott acknowledged he's an alcoholic and had spent time at a treatment facility.

Mr. Chiat said there were no plans to replace Mr. McElligott.

"The reason Tom was here is that he was available," he said. "We created a spot for his talent."

Chiat Vice Chairman Lee Clow will now oversee the creative operation in the New York, Toronto and London offices, which had reported to Mr. McElligott.

Mr. Chiat has also taken a much more active role in the agency's New York office, which has lost about 40% of its billings this year as the Reebok International, Sara Lee Corp., Bissell, Arrow Shirts and Soho Natural Soda accounts all left.

"The real issue is that it's really not an individual's situation here," he said. "We've had a ton of people through here. The real issue is that the work has remained pretty good." □

*Gary Levin contributed to this story.*

# NutraSweet starts review

**By Julie Liesse**

NutraSweet Co. is reviewing an estimated $60 million to $70 million in business at Ogilvy & Mather offices worldwide.

NutraSweet last month alerted O&M that it plans to ask "a group of selected agencies" to pitch various accounts now handled by the agency, said Richard Nelson, NutraSweet VP-public relations.

"This is part of our continuing process to examine the changing needs of our businesses," Mr. Nelson said.

O&M will be included in the review, but NutraSweet declined to identify other agencies and said it hasn't set a timetable for the process.

But sources close to the review say another NutraSweet agency, FCB/Leber Katz Partners, New York, has been approached about the O&M business.

This summer, NutraSweet named a new chairman-ceo, Robert Flynn, to replace longtime leader Robert Shapiro.

After taking office, Mr. Flynn put a hold on employee hires, saying he planned to thoroughly review the company's businesses, say sources close to NutraSweet.

Of the O&M offices that handle NutraSweet accounts in 30 countries, the Chicago office has the most at stake. It handles more than half the spending under review, including the $25 million NutraSweet ingredient account; the $3.5 million Sugar Delight tabletop sweetener account; and the Simplesse fat substitute account.

NutraSweet is the second-largest account for O&M's Chicago's office, behind the Sears, Roebuck & Co. Merchandise Group's $150 million account. The Chicago office has worked with NutraSweet for more than 10 years.

O&M executives declined comment on the review.

O&M's New York office has handled Equal tabletop sweetener since 1987, when it won the account from Tatham-Laird & Kudner, Chicago. Equal's measured media spending totaled $9.1 million last year, according to LNA/Arbitron Multi-Media Service.

In August, Ian Miller, VP-management supervisor on the NutraSweet business at O&M, Chicago, left to become a managing partner at Tatham-Laird & Kudner, leading to speculation Mr. Miller might attract NutraSweet back to that agency. Mr. Miller, who headed the NutraSweet business for more than five years, was unavailable for comment at press time.

NutraSweet broke its exclusive relationship with O&M in 1988 when it started working with FCB/Leber Katz to develop an introductory strategy for Simplesse fat substitute and Simple Pleasures frozen dessert.

Last year, the company began parceling out projects to other agencies, awarding undisclosed projects to Chiat/Day/Mojo, Venice, Calif., and J. Walter Thompson USA, Chicago. None of those products is included in the current review.

Steve Bowen, JWT USA president, said his agency's NutraSweet work is "inactive." He wouldn't comment on whether NutraSweet had approached JWT about the current review, but said he'd "be interested if they're interested in us." □

*Scott Hume and Gary Levin contributed to this story.*

# PM seeks bang with Bucks

**By Judann Dagnoli**

Philip Morris USA is putting out 20 million "bucks" behind e rollout of its newest smoke. Bucks, a value-price cigarette eviously tested in Birmingham, a., and Phoenix, Ariz., hits na-onal retail shelves this week, d a Philip Morris executive said e brand will get about $18 mil-n to $19 million in the fourth arter for print and outdoor ad-rtising.

That much spending in a single arter is unusual in the value-ice segment, where support rely extends beyond point-of-rchase ads.

Leo Burnett USA, Chicago, is e agency.

Although the company said cks isn't targeted to any partic-ular group of smokers, the new product has a decidedly male appeal. The brand's symbol, appearing prominently in ads and on packaging, is a drawing of a big-antlered buck.

"Bucks is primarily meant to be a man's cigarette—it's cork-tipped, and it's a good, strong smoke," said the Philip Morris executive, who asked not to be identified. "But Marlboro also uses macho imagery, and it's the biggest-selling women's cigarette."

Ads play on the word "bucks" as a synonym for "dollars."

"Beat inflation—buy a Buck," says one headline, while another cro.s, "Buck the system." Other taglines used in the market test included "Save a Buck, buy a Buck" and "The Buck stops here."

**Trade (l.) and consumer (above) print ads are part of the $18 million to $19 million fourth-quarter effort backing the rollout of Bucks, Philip Morris' new value-price cigarette.**

Bucks is priced similarly to Philip Morris' Cambridge, which places it among the higher end of value-price cigarettes. Below Bucks in pricing are entries such as Liggett Group's subgeneric Pyramid and Philip Morris' own subgeneric Bristol, a regional

*(Continued on Page 57)*

**One new Honda spot shows a volley of arrows aimed at the Accord, but missing the marque.**

# Honda's pointed response

## New ads target competitors, return to basics

**By Cleveland Horton**

American Honda Motor Co. drove past a milestone this year when the Accord sedan became the best-selling car in the U.S. It thus became the car to beat.

In new advertising for the 1991 model year, Honda is answering the many comparative campaigns that have matched competing models to the Accord.

A TV commercial called "Arrows" from Rubin Postaer & Associates, Los Angeles, opens with an Accord against a neutral backdrop. Soon an arrow whistles by the car and sinks into the wall behind it. Then several more arrows zip by the car, follo[illegible]y a continuous volley.

The voice-over, spoken by actor Jack Lemmon, tells how other carmakers try to copy the Accord but can't. As the last arrow shoots across the screen, Mr. Lemmon says, "Nice shot."

Mr. Lemmon replaces actor Daniel J. Travanti, who became the voice of Honda in 1987. He followed Burgess Meredith, who performed Honda voice-overs for 10 years.

"Arrows" carries a "good lick of humor," said Eric

*(Continued on Page 53)*

# Bozell inks accord with Soviets' Tass

**By Gary Levin**

NEW YORK—Bozell last week signed an exclusive agreement with Tass, the Soviet government news agency, to represent each other in the U.S. and Soviet Union.

Under the deal, Bozell and Tass will provide numerous services for each other, including arranging introductions for officials, placing advertising, doing market research and investigating corporate sponsorship opportunities.

Recently, Tass helped secure outdoor board space on Pushkin Square in Moscow for Bozell client Samsung Corp., though only a few Samsung products are available in the Soviet Union.

The news agency has also promised to assist Bozell in such seemingly mundane tasks as getting building permits or hotel space.

In the U.S., Bozell supplied Tass with cars from Bozell client Chrysler Corp. for the news agency's coverage of the Bush-Gorbachev summit, and will help Tass find sponsors for the Soviet entry in the America's Cup yachting race.

"The real idea was to find a group that could help us in the Soviet Union with information, research, whatever," said Murray Smith, president-international at Bozell. "We think it's potentially good for our clients. It's not a traditional ad agency-to-ad agency deal, but Russia's not an advertising country at this stage."

"Finding the right door to open becomes really the name

*(Continued on Page 58)*

# Bristol pops up in surging antacid market

**By Patricia Winters**

Bristol-Myers Squibb Co. is ving into the $1 billion antacid rket with Medacid, claimed to superior to other brands be-se it's in caplet form.

The product, now testing on the st Coast, could roll out nation-y in a year if successful, an in-stry source said.

A Bristol-Myers spokeswoman d Medacid bills itself as "easy swallow" and providing "fast, ective relief without the chalki-ss, grittiness or unpleasant af-taste of some chewable tablets liquids."

Medacid "contains an ingred-t that helps it dissolve faster" an other brands, the spokeswo-n said.

In one TV spot from DDB Needham Worldwide, New York, live action is mixed with special effects to show a man crumbling into chalk after chewing an antacid tablet, then melting after trying a liquid. He's finally relieved when he takes Medacid with water, said Richard Taylor, a director at Image Point Productions, which did the spot.

Medacid is testing in Seattle and Spokane. Wash.; Portland, Ore.; San Francisco; Los Angeles; and Salt Lake City. The TV spot broke last month in some of those markets.

Competing brands aren't named in the spot, but leading liquid and tablet antacids include Procter & Gamble Co.'s Pepto-Bismol, which leads the overall $970 million market with a 15.6% dollar share; Rorer Pharmaceuticals Corp.'s Maalox, with 15.5%; SmithKline Beecham's Tums, with 13.7%; Warner-Lambert Co.'s Rolaids, with 13.1%; and Johnson & Johnson/Merck Consumer Pharmaceuticals' Mylanta, with 11.7%. The share numbers are for the year ended in April, from scanner tracking data.

The antacid market is hot, not only because it's huge but because it's expected to see new growth as marketers of prescription ulcer drugs introduce over-the-counter antacids within the next few years.

SmithKline Beecham, which markets the prescription drug Tagamet; Glaxo, which markets Zantac; and Marion Merrell Dow, marketer of Carafate, are all developing OTC formulations.

"For Bristol not to be in the [antacid] category is crazy," said a pharmaceutical industry executive.

Bristol-Myers already competes

*(Continued on Page 55)*

**Top antacid marketers**

Share figures for the $970 million market are at the retail level.

| | Marketer | | |
|---|---|---|---|
| Pepto-Bismol | Procter & Gamble | 15.6% | 12.9% |
| [illegible] | Rorer | [illegible] | [illegible] |
| Tums | SmithKline Beecham | 13.7 | 17.2 |
| [illegible] | Warner-Lambert | [illegible] | [illegible] |
| Mylanta | Johnson & Johnson/ Merck | 11.7 | Not available |

Source: Industry sources

HOLLY SEGUINE

# Gourmet coffee stirs market

NEW YORK—Gourmet and premium coffee sales buoyed the $6.5 billion retail coffee market last year with its first growth in five years, according to a new study by Find/SVP. Retail coffee sales rose 1.6%.

The research company's study, titled "The Market for Gourmet Coffees & Teas," concludes that "the decline [in coffee consumption] has bottomed out" and coffee volume will grow 3% to 5% annually over the next several years.

According to the study, 52.5% of the U.S. population over the age of 10 drank an average of 1.75 cups of coffee a day in 1989, up from 1988's average of 50% of consumers drinking 1.67 cups a day.

Find/SVP attributes most of the increase to gourmet coffee brands marketed by specialty companies and premium coffees, which Find/SVP defines as upscale versions of mass-marketed brands.

The study estimates sales of gourmet coffee at $676 million for 1989, premium coffee sales at $277 million and decaffeinated gourmet/premium coffees at $283 million.

Premium and gourmet coffees accounted for 19% of all coffee sales in 1989, up from 10% five years earlier, the study said.

Find/SVP expects gourmet and premium coffee sales to reach 30% of the U.S. retail coffee market by 1994.

Retail tea sales have been declining since 1986 and are expected to continue downward despite the popularity of iced tea, the study says.

Almost 80% of all tea consumed in the U.S. is iced tea, Find/SVP says.

The study also finds that tea drinkers will continue to shift from regular to herbal and specialty teas, rather than increasing consumption of tea in general. By 1994, herbal and gourmet products will account for 21% of the total market, up from 15% in 1989. □

# Crush's double duty

## Single ad campaign to cover U.S., Canada

**By Patricia Winters**

Agencies for Crush soft drink in the U.S. and Canada are competing for the brand's creative assignment by developing a single TV campaign that can be used in both countries.

But Ammirati & Puris, New York, which won the U.S. Crush account six months ago, already has a head start: Its new TV campaign for Crush is currently testing in both countries.

Saatchi & Saatchi Advertising, Toronto, handles Crush in Canada.

"We were intrigued by what Ammirati & Puris put together," said Randy Papadellis, VP-marketing in the U.S. for Cadbury Beverages' Canada Dry, Crush and Hires brands. "If it does well, then theoretically it will run in both Canada and the U.S."

Cadbury will break a new Crush campaign next spring in both countries, marking the first time the brand has been advertised in the U.S. since Cadbury acquired it from Procter & Gamble Co. last year.

Mr. Papadellis said Cadbury Beverages in Canada has agreed to examine the results of the Ammirati test ads, but regardless of whether it runs the spots, Saatchi will continue as the Crush agency of record for the Canadian company.

Saatchi also still has the opportunity to develop a new Crush TV campaign, but Mr. Papadellis said that "it just so happened that Ammirati had a campaign ready."

"We're hoping that between Saatchi and Ammirati we will come up with one campaign to run in both countries," he said.

And whoever wins next year's creative won't have it forever.

Instead, Ammirati and Saatchi will compete for the Crush creative business each year.

"It's a situation where we know we need agencies in both Toronto and New York [for media buying, radio, point of purchase and other localized efforts], but we also know we'd like to have a common look" in the two countries for the TV campaign, Mr. Papadellis said. "Our interest isn't to have one agency in North America. . . ."

Cadbury is looking for a single North American image to save money on production costs and to avoid confusing Canadian consumers with different TV images. Mr. Papadellis said some studies show that up to half of all media seen in Canada comes from the U.S.

The unified look will extend to North American promotions and packaging, he said.

Mr. Papadellis called the unified approach an "evolving" process and said ideally the company would like to provide a single image for Crush worldwide.

In North America, Crush is grappling with conflicting images as a teen soft drink in Canada but as a wholesome, all-family drink in the U.S., an image Mr. Papadellis said Crush wants to maintain.

Cadbury also plans a unified look and image for Hires root beer in North America, but since the brand isn't getting TV support next year, it doesn't affect ad assignments.

Crush is the leading orange soft drink in Canada and Hires is the No. 2 root beer, behind A&W Brands' A&W. In the U.S., Crush is the nation's fourth best-selling orange soda behind Pepsi-Cola Co.'s Mandarin Orange Slice, Coca-Cola Co.'s Minute Maid orange soda and Cadbury Beverages' Sunkist orange. Hires root beer ranks behind leader A&W, Barq Inc.'s Barq's and Pepsi-Cola Co.'s Mug.

The Crush and Hires account in the U.S. is estimated to be worth $6 million to $8 million. □

# Varietals put some punch in wine sales

**By John C. Maxwell Jr.**

There's a silver lining for the wine industry in the overall trend of consumers drinking less: They're drinking better.

Wine volume continues to drop, hitting about 512 million gallons last year, down 8% to 9% from 1988 levels. There are several reasons for the decline, but foremost among them is society's changing attitude toward consuming alcoholic beverages in general.

But the varietal segment has been a big success, with domestics up an estimated 15% to 20% last year. In contrast, generic wines were down 5% to 8%.

Varietals, characterized by mid- to high-price brands, now comprise 25% to 30% of the wine industry's volume, up from an estimated 12% five years ago.

Industry experts, however, do expect varietals' growth rate to slow to 7% to 9% over the next few years as importers continue to price aggressively and as the overall industry keeps heading downward.

A second factor in the industry's decline is that wine coolers are turning out to be more of a fad than a trend.

Wine cooler volume fell 15% to approximately 82 million gallons in 1989, about the same rate of decline as in 1988. The cooler decline came primarily at the expense of secondary brands, with Jos. E. Seagram & Sons and E&J Gallo Winery strengthening their positions.

Seagram appears to have taken the lead in this segment with a 36.5% share, up 6.5 points from 1988. Gallo has about 35.2% of the cooler segment, up 5.2 points.

For 1990, volume declines in wine coolers should stabilize, and varietal growth will moderate. The wine industry can anticipate another 8% to 9% decline.

The breakdown of domestic wine by types indicates white is the growing preference, achieving a 71.3% share of the market.

Ten years ago, red wine accounted for 22.5% of the market, substantially larger than the 13.3% it has today. Rose accounted for 24.5% of the market 10 years ago and has declined to 15.4%.

In company market share, Gallo increased 1.8% in volume last year from 1988, moving its commanding lead up 3.3 points to 31.9%.

Heublein rose a notch to second place in 1989, past Vintners International Co. Heublein, helped by its acquisition of Christian Brothers, increased 7.9% in volume last year and now holds about 7.7% of the market. Vintners International was up 0.4 of a share point last year to 7% market share despite being down 2.7% in volume.

Imported wine volume dropped almost 6.25% to 76 million gallons in 1989, but total share of the U.S. market was up slightly, from 14.4% to 14.8%.

Italian imports fell almost 10% last year and now comprise 41.5% of the import market. France increased slightly last year and now holds 29.4%. Imports from Spain (7.9% of the import market), West Germany (6.9%) and Portugal (3.9%) also declined last year.

Banfi Vintners continues as the leading wine importer, though its leading product, Riunite, saw volume drop to 4.7 million cases last year.

Brown-Forman Beverage Co.'s Bolla was second with an estimated 1 million cases last year. □

*Mr. Maxwell is with Wheat, First Securities, Richmond, Va.*

## Sales and shares of U.S. wines and coolers

Figures estimated in millions of gallons.

| Rank 1989 | Rank 1988 | Company | 1987 Amount | 1987 Share | 1988 Amount | 1988 Share | 1989 Amount | 1989 Share | '88-'89 % chg |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 1 | E&J Gallo | 173.7 | 30.0% | 160.5 | 28.6% | 163.4 | 31.9% | 1.8 |
| 2 | 3 | Heublein | 28.4 | 4.9 | 36.6 | 6.5 | 39.5 | 7.7 | 7.9 |
| — | — | Almaden* | 22.4 | 3.9 | 20.0 | 3.6 | 16.7 | 3.3 | (16.5) |
| — | 20 | Christian Bros.* | 2.8 | 0.5 | 2.6 | 0.5 | 2.7 | 0.5 | 3.8 |
| 3 | 2 | Vintners Intl. | 38.5 | 6.7 | 37.0 | 6.6 | 36.0 | 7.0 | (2.7) |
| 4 | 4 | Canandaigua | 35.0 | 6.0 | 29.0 | 5.2 | 26.6 | 5.2 | (8.3) |
| 5 | 5 | Franzia (Wine Group) | 16.3 | 2.8 | 16.5 | 2.9 | 19.4 | 3.8 | 17.6 |
| 6 | 13 | Bronco | 8.7 | 1.5 | 5.7 | 1.0 | 12.5 | 2.4 | 119.3 |
| 7 | 8 | Sebastiani | 8.8 | 1.5 | 10.5 | 1.9 | 10.8 | 2.1 | 2.9 |
| 8 | 6 | Guild | 17.1 | 3.0 | 13.7 | 2.4 | 10.0 | 2.0 | (27.0) |
| 9 | 10 | Beringer (Wine World) | 6.0 | 1.0 | 6.9 | 1.2 | 7.3 | 1.4 | 5.8 |
| 10 | 12 | Robert Mondavi | 5.3 | 0.9 | 5.6 | 1.0 | 6.0 | 1.2 | 7.1 |
| 11 | 14 | Lamont | 5.5 | 1.0 | 5.3 | 0.9 | 5.1 | 1.0 | (3.8) |
| 12 | 16 | Delicato | 3.0 | 0.5 | 3.5 | 0.6 | 4.2 | 0.8 | 20.0 |
| 13 | 17 | Mogen David (Wine Group) | 3.5 | 0.6 | 3.3 | 0.6 | 3.1 | 0.6 | (6.1) |
| 14 | 18 | F. Korbel | 3.1 | 0.5 | 3.0 | 0.5 | 2.7 | 0.5 | (10.0) |
| 15 | 21 | Gibson | 2.4 | 0.4 | 2.5 | 0.4 | 2.6 | 0.5 | 4.0 |
| 16 | 15 | California Growers | 8.5 | 1.5 | 3.7 | 0.7 | 2.5 | 0.5 | (32.4) |
| 17 | 22 | C. Mondavi | 2.6 | 0.4 | 2.4 | 0.4 | 1.8 | 0.4 | (25.0) |
| 18 | 23 | Sonoma | 0.8 | 0.1 | 1.3 | 0.2 | 1.4 | 0.3 | 7.7 |
| 19 | 9 | Giumarra | 4.9 | 0.8 | 7.5 | 1.3 | 1.3 | 0.3 | (82.7) |
| 20 | 24 | Weibel | 1.2 | 0.2 | 1.2 | 0.2 | 1.1 | 0.2 | (8.3) |
| 21 | 26 | East-Side | 0.7 | 0.1 | 0.9 | 0.2 | 1.1 | 0.2 | 22.2 |
| 22 | 25 | M&H | 1.0 | 0.2 | 0.9 | 0.2 | 1.0 | 0.2 | 11.1 |
| 23 | 29 | Wente | 0.8 | 0.1 | 0.7 | 0.1 | 0.6 | 0.1 | (14.3) |
| 24 | 27 | San Martin | 1.0 | 0.2 | 0.8 | 0.1 | 0.5 | 0.1 | (37.5) |
| 25 | 28 | Mirassou | 1.0 | 0.2 | 0.7 | 0.1 | 0.5 | 0.1 | (28.6) |
| 26 | 31 | Louis Martini | 0.6 | 0.1 | 0.4 | 0.1 | 0.5 | 0.1 | 25.0 |
| 27 | 30 | Sierra Wines | 0.7 | 0.1 | 0.4 | 0.1 | 0.4 | 0.1 | — |
| — | 19 | ISC | 2.8 | 0.5 | 2.8 | 0.5 | — | — | — |
| | | Subtotal | 407.1 | 70.4 | 385.9 | 68.7 | 381.3 | 74.4 | (1.2) |
| | | Other domestic | 75.2 | 13.0 | 94.6 | 16.9 | 55.2 | 10.8 | (41.6) |
| | | Total domestic | 482.3 | 83.4 | 480.5 | 85.6 | 436.5 | 85.2 | (9.2) |
| | | Imports | 96.3 | 16.6 | 81.0 | 14.4 | 76.0 | 14.8 | (6.2) |
| | | **Total** | **578.6** | **100.0%** | **561.5** | **100.0%** | **512.5** | **100.0%** | **(8.7)** |

*Almaden was acquired by Heublein in 1988 and is included in Heublein's total; Christian Brothers was acquired by Heublein in 1989 and is included in Heublein's total. *Source:* John C. Maxwell Jr.

# Pepsi outpaces Nike

**By Kate Fitzgerald**

Nike gave Pepsi a run for its money in the race for ad awareness in August, but the cola managed to stay No. 1.

Pepsi had a 3.9% share of first mentions in *Advertising Age's* monthly adWatch survey, and Nike garnered 3.8%.

Nike first appeared in the top 10 in March and has been among the best-recalled advertisers since, apparently on the strength of its continued barrage of TV spots featuring Bo Jackson.

Coca-Cola finished third for the second straight month.

Automobile advertising maintained higher than average awareness. Ford placed fourth, while General Motors Corp.'s Chevrolet shared fifth with Anheuser-Busch's Budweiser and general grocery store ads. Automobile ads in general ranked No. 8, followed by a tie between McDonald's Corp. and Toyota for ninth.

When asked specifically about **car and truck** ads, 21.9% of those surveyed said Ford came to mind first. Chevrolet was second with 18%, followed by Toyota, 9.8%; Nissan, 4%; and GM's Buick, 3.7%.

## AdWatch survey of advertising awareness Top 10 in August

In August, 1,000 people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertising first comes to mind?

| Rank 8/90 | Rank 7/90 | Advertiser | Agency |
|---|---|---|---|
| 1 | 1 | Pepsi-Cola | BBDO Worldwide |
| 2 | 5* | Nike | Wieden & Kennedy |
| 3 | 3 | Coca-Cola | McCann-Erickson Worldwide |
| 4 | 4 | Ford | J. Walter Thompson USA |
| 5* | 8 | Budweiser/Bud Light | D'Arcy Masius Benton & Bowles/DDB Needham Worldwide |
| 5* | 2 | Chevrolet | Lintas:Campbell-Ewald |
| 5* | 7 | Grocery stores | Various |
| 8 | 9 | Automobiles (gen) | Various |
| 9* | 5* | McDonald's | Leo Burnett USA |
| 9* | 10 | Toyota | Saatchi & Saatchi DFS/Pacific |

*Indicates tie. *Source:* Gallup Organization, Lincoln, Neb.

In the **tire** category, Goodyear was first with 30.6%, followed by Michelin, 21.5%; Firestone, 6%; BF Goodrich, 4.3%; and Uniroyal, 1.2%.

Alpo led the **pet food** category, named first by 14.8% of those surveyed. Ralston Purina Co.'s Purina was second with 11%, followed by Carnation Co.'s Friskies, 4.2%; Quaker Oats Co.'s Kibbles 'n Bits, 2.7%; and Kal Kan, 1.8%.

AdWatch is a joint project of *Ad Age* and Gallup Organization. Advertising awareness is measured by asking a nationally projectable sample to name the first advertising that comes to mind from all seen, heard or read in the previous 30 days.

Last month, 1,000 adults were polled by phone. The margin of error is plus or minus 3.1%. □

*For more information, contact the Gallup Organization, 301 S. 6th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.*

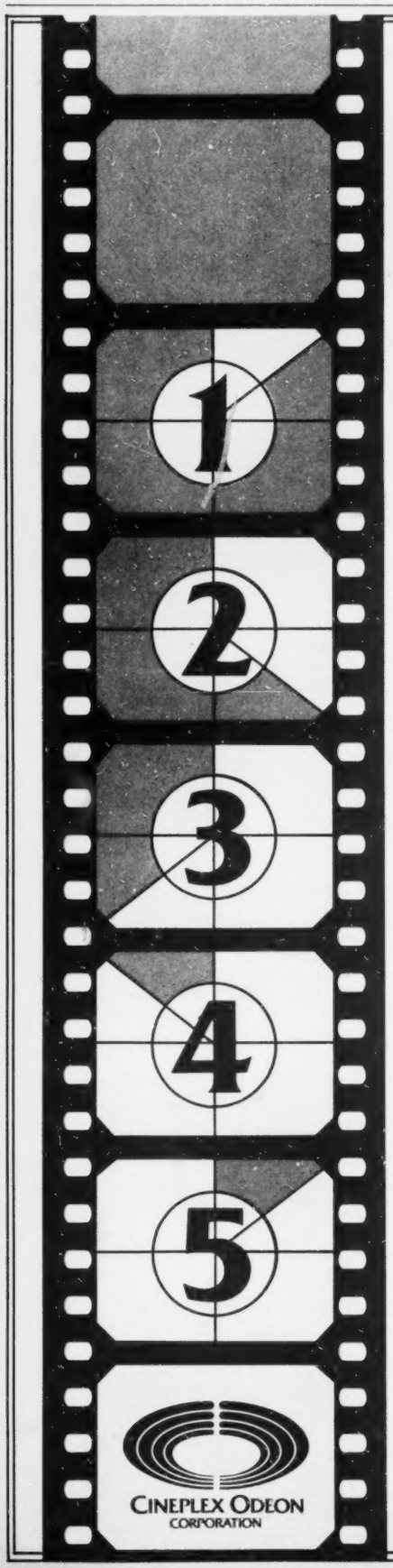
# Gatorade, cable net team

NEW YORK—Quaker Oats Co.'s Gatorade isotonic sports drink has signed as a sponsor of SportsChannel America's "National Federation High School Game of the Week."

The $500,000 deal is for one year.

Gatorade also becomes the first major corporate sponsor of the National Federation of State High School Associations, which markets TV rights to a weekly package of high school football, basketball, hockey and other sports. Three more sponsors are being sought.

Also, SportsChannel is expected to announce signing Miller Brewing Co. for a $500,000-plus sponsorship of the cable network's "Sports Nightly" updates about National Football League franchises. □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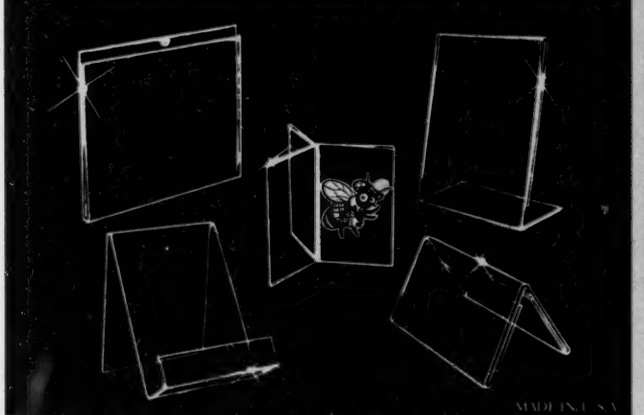

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# 'Conde Nast Traveler' rising fast in a hot field

**By Scott Donaton**

Three years after its launch, *Conde Nast Traveler* is still growing at a rapid clip and is now looking to close the gap with longtime category leader *Travel & Leisure*.

"I think we'll be able to pull up alongside them in the very near future," said Ronald Galotti, publisher of Conde Nast Publications' monthly travel magazine.

In a year when most magazine publishers are singing the blues, *Conde Nast Traveler* saw its ad pages reach 636.3 through August, up 15.8% from the same issue last year. Its October issue, marking the magazine's third anniversary, is the largest in its brief history with 126.5 ad pages, a 6.6% gain over the same issue last year.

Circulation is also on the rise. *Conde Nast Traveler* will hold its rate base at 600,000 next year—largely to avoid hitting media buyers with double-digit rate increases—but according to the latest Audit Bureau of Circulations report, the magazine's first half average circulation was nearly 757,000, a 26% bonus.

*Conde Nast Traveler* is already the undisputed No. 2 book in the travel field, but it still has a long journey before it can catch the highly profitable *Travel & Leisure*, which pulled in $85 million in advertising and circulation revenues last year.

Through August, the American Express Publishing Corp. title's ad pages were down 5.3% to 855.9, but the drop was due more to a change in the way it counts advertorial pages than to the overall softness in the magazine industry.

*Travel & Leisure's* rate base of 1.1 million places it firmly atop the travel field.

"*Traveler* has done well in three short years. They produce a good product," said Bob Zach, senior VP-media director at Chiat/Day/-Mojo, New York. "But I think *Travel & Leisure* is still more of a core buy, and the beauty of it is its access to an upscale American Express cardholder."

Some 90% of the monthly's 1.1 million subscribers are AmEx cardholders.

*Conde Nast Traveler* "is second, but they're a distant second," said James Berrien, *Travel & Leisure* VP-publisher. "I think it will be a while before there's a real strong second in this category."

With the $300 billion travel industry booming, the travel field currently ranks among the hottest in the magazine industry. Much of the field's recent success, though, can be directly traced to the launch of *Conde Nast Traveler*, a fact not lost on Mr. Berrien.

"They legitimized the field for some of the advertising categories Conde Nast always had a strong franchise with in the past," primarily cosmetics and fashion advertisers, he said. "We had not been able to convince as many of those advertisers as we would've liked to come into the travel field."

But Mr. Berrien said *Travel & Leisure* is in the best position to capitalize on the newfound success of the travel category.

"Any time you've got a market people are talking about, it's going to be good for the strongest books," he said. "It's been good for our business."

*Conde Nast Traveler* was born in October 1987 after Conde Nast acquired *Signatures* from Citicorp Diners Club for a reported $25 million and spent another $15 million revamping and relaunching the magazine.

The monthly was built around Editor in Chief Harold Evans' "truth in travel" editorial motto, which cost it some advertising in the beginning but eventually earned it the respect of both readers and advertisers.

*Conde Nast Traveler* won National Magazine Awards in 1988 and 1989 and was nominated for three awards this year.

"I think it's done well because it takes a different editorial approach; it's not just a puff piece for travel," said John Grey, senior VP-director of media planning at J. Walter Thompson USA.

*Conde Nast Traveler* was also able to expand the advertising categories traditionally open to travel magazines because of its treatment of travel as one compo-

*(Continued on Page 51)*

## Top six travel magazines

| Magazine | Circulation |
|---|---|
| Travel & Leisure | 1,117,701 |
| Conde Nast Traveler | 756,949 |
| Endless Vacation | 743,181 |
| National Geographic Traveler | 725,923 |
| Travel Holiday | 553,987 |
| European Travel & Life | 372,646 |

*Source:* Audit Bureau of Circulations FAS-FAX report for the six months ended June 30, 1990.


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# Alpo eats into cat food market

**By Julie Liesse**

Alpo has clawed its way into the $2 billion cat food market with a vengeance.

In its first nine months on supermarket shelves, Alpo cat food registered $100 million in sales, says the company, quoting Arbitron/SAMI figures.

Alpo chalked up a 10% share of the premium canned cat food segment led by Heinz Pet Products Co.'s 9-Lives and achieved a 4% share of the fragmented dry cat food category dominated by Ralston Purina Co., in the SAMI four-week report ending in August.

Only four brands—9-Lives, Kal Kan Foods' Whiskas, Carnation Co.'s Friskies and Purina Cat Chow/Kitten Chow—surpass Alpo in the cat food market.

"Everything has come together better than we hoped," said Debbie Nellson, director of cat food marketing for Alpo Petfoods, a Grand Metropolitan unit. "Once we put the Alpo name and its heritage together with [cartoon spokesman] Garfield, we came across with a successful taste and nutrition story."

Heading into Grand Met's new fiscal year, starting today, Alpo is readying a line extension and new ads.

The company this fall will add to its 28-item line with Sliced Varieties, canned versions in beef, chicken and turkey flavors. Dry cat food or cat treats are two other possible expansion areas, Ms. Nellson said.

"A 10% share is good, but still not one of the top three or four—which we think is a realistic target," Ms. Nellson said.

Second-year marketing support won't equal the $70 million in ads promotions Alpo committed to the introduction, but Ms. Nellson said spending would be at "competitive levels." Alpo planned to spend $20 million on first-year advertising; it spent $12 million through March, according to LNA/Arbitron Multi-Media Service.

New TV commercials will be shot this fall for an early 1991 break date, Ms. Nellson said. Weightman Advertising, Philadelphia, handles.

Garfield, Jim Davis' cartoon cat licensed by United Media Licensing, will be back in the new TV spots.

Garfield has been a selling point with retailers, which were wary of adding 28 items to an already crowded pet food aisle.

"We've been very fortunate, because we shocked the heck out of [retailers] when we presented the line," Ms. Nellson said. "They've been very supportive." □

# E. Germany

(Continued from Page 16)

as added three new coffee machines to its line. Also, the company is ambitiously branding many of its machines with the Helikon name.

Media advertising has been put on hold until distribution s secured, but Helikon did use a West Berlin ad agency to produce a product brochure for distribution to its sales force.

### Seifenwerk Riesa

"We've picked up the glove that was thrown at our feet by the West," asserted Frank Weiss, an engineer working as a sales manager for Seifenwerk Riesa. Seifenwerk was virtually the sole supplier of bar soaps in East Germany and had valuable contracts to manufacture soaps for distributors in West Germany.

To compete in a united Germany, Seifenwerk has added perfumes from Western suppliers to two of its 12 soap brands and launched a new beauty soap called Cree and a bar soap for infants called Baby. Bars have been reshaped to fit more easily into the hand, and simple, utilitarian wrappers have been replaced with packaging more like that in West Germany.

"We are bringing the products closer to the needs of our customers," Mr. Weiss said, adding that retailers have responded favorably to new Seifenwerk products.

However, media advertising is out of the question at the moment, he said, because of financial considerations.

He said the company recalled about 200,000 bars of soap in East Germany last spring because bars arriving from the West, including Beiersdorf's Nivea, Colgate-Palmolive Co.'s Palmolive, Unilever's Lux and Henkel's Fa made the old bars unsalable.

Seifenwerk believes it can survive unification by undercutting prices of established West German marketers. Mr. Weiss said Baby will retail for about 88¢, compared with West German infant soap brands selling at about 25% more.

### Pepe Kunstoffverarbeitung

"Our biggest adjustment now is to distribution," said Hermann Voss, managing director of Pepe Kunstoffverarbeitung, manufacturer of Pepe plastic toy building blocks. "Distribution was never a topic with us. Now it is a constant [worry]" because under the old system the state was responsible for export sales.

Nearly a third of Pepe's blocks used to be sold in Western Europe, including West Germany, through East Germany's state export organization.

Mr. Voss said Lego filed legal proceedings five years ago for copyright infringement in West Germany, forcing the company, then known as VEB Plastica Bad Koesen, to alter the system or lose customers in the West. Pepe adjusted its blocks then to make them incompatible witn Lego and hopes new, color packaging will help establish the brand as a low-price alternative to Lego.

The toy company must rely on its price advantage as a selling point because it can't afford to advertise.

Pepe last year had revenues of about $8.2 million. Among Pepe's largest export clients were the Soviet Union and West German mail-order company Otto, which is still a customer. □

# 'Traveler'

(Continued from Page 46)

nent of an overall affluent lifestyle.

In 1988, *Conde Nast Traveler's* first full year, the magazine carried 628.9 ad pages. That figure rose 52.7% to 960.35 ad pages last year. Mr. Galotti said he expects to finish 1990 with 1,100 ad pages, a 14.5% increase.

*Travel & Leisure* carried 1,412.8 ad pages in 1988, up 15% from the previous year, and 1,516.2 ad pages in 1989, a 7.3% gain. Mr. Berrien said the magazine's ad pages dipped this year because it discontinued counting editorial pages in special advertising or advertorial sections as ad pages.

As *Travel & Leisure* and *Conde Nast Traveler* vie for the top spot in the travel field, a number of smaller entries in the field are being rejuvenated.

Reader's Digest Association recently redesigned its *Travel Holiday* monthly and has been giving its special-interest publications group more of a presence on Madison Avenue. Murdoch Magazines' monthly *European Travel & Life* and a revamped every-other-monthly *Endless Vacation* are also getting more aggressive in their pursuit of readers and advertisers.

Six-year-old *National Geographic Traveler* may also become a threat now that it's decided to expand its circulation efforts beyond the membership of the National Geographic Society. The every-other-monthly has a rate base of 700,000 and carried 184.16 ad pages through August, a gain of 58.7%. □


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# P&G, Lever back new detergents

**By Laurie Freeman**

The battle of the detergent giants becomes more agitated this month as Procter & Gamble Co. and Lever Bros. expand distribution of superconcentrates.

Both P&G and Lever believe superconcentrated powder detergents will eventually replace many of the regular-density powders now on the market.

P&G began shipping Ultra versions of Tide, Cheer, Gain and Oxydol into California, Colorado, Idaho, Nevada, Utah and Wyoming on Sept. 17.

Lever completed distribution of Wisk Power Scoop in much of the South and West last month. The product will be available in most of the same areas as the P&G detergents, along with the Pacific Coast, Mississippi, Alabama and Louisiana, said George Yuen, senior product manager for Wisk Power Scoop. He said Wisk Power Scoop will expand into the rest of the U.S. next year.

Advertising for the new detergents will break by midmonth.

Mr. Yuen said Lever is backing Wisk Power Scoop with the largest ad budget—more than $52 million—of any detergent in the $3.8 billion category (AA, Sept. 3). J. Walter Thompson USA, New York, is handling the network and cable TV, magazine and free standing insert campaign, themed "Change what you mean by clean."

P&G won't reveal budgets for its superconcentrates. The company backed all its detergents with $94.5 million in measured media spending last year. Saatchi & Saatchi Advertising is the agency for Tide and Oxydol; Leo Burnett USA, Chicago, handles Cheer; and Wells, Rich, Greene, New York, is Gain's agency.

The new detergents will get 30-second spots on network, cable, syndicated and spot TV. Ultra Tide will also be supported with magazine ads and outdoor boards.

The P&G products have done well since they began testing last fall in Arizona and expanded to Texas and New Mexico this summer.

"In Arizona, 50% of our powder detergent business has converted to the Ultra detergents," said P&G spokeswoman Jennifer Bailey.

The Tide brand alone gained more than 4 share points in Phoenix, Ariz., said Jay Freedman, household products analyst at Kidder, Peabody & Co. "They've converted more than 80% of their detergent volume to the superconcentrates."

P&G is the U.S. detergent leader with a 53.5% share; Lever is second with 23.5%.

Ads don't position the superconcentrates as being better for the environment. However, Lucky Stores, a West Coast supermarket chain, heralded their arrival with page ads from Grey Advertising, Los Angeles, headlined "New products for a cleaner environment."

Both companies' superconcentrates are packaged in containers made of recycled paper. The products have recyclable plastic handles and scoops, and use only one-third to one-half cup per washload compared with 1½ cups of regular detergent.

Colgate-Palmolive Co., the No. 3 U.S. detergent marketer with an 8.4% share, has said it has no plans to expand distribution of Fab Ultra superconcentrated detergent, which began testing earlier this year in Memphis, Tenn.; Phoenix; and Oklahoma City. A repackaged version of Fresh Start superconcentrated detergent is testing in Texas.

FCB/Leber Katz Partners, New York, handles both brands. □

# Medacid

*(Continued from Page 3)*

in the top two OTC categories—analgesics and cough/cold remedies.

The company tried to get into the market before, having test-marketed an effervescent antacid called Resolve in the 1960s. In the mid-1980s, it won OTC marketing rights to Tagamet but the deal was later negated, said a Smith-Kline Beecham spokesman.

Recent activity in the market underscores its importance to pharmaceutical companies.

Last year, J&J/Merck acquired Mylanta antacid from Stuart Pharmaceuticals and in May the company began investing heavily in advertising via Saatchi & Saatchi Advertising, New York.

P&G and Rorer had announced a deal to transfer Maalox marketing rights in the U.S. to P&G, but the deal was canceled in August after opposition from the U.S. Department of Justice.

In addition to Mylanta, J&J's McNeil Consumer Products Co. is test-marketing Tylenol Extra-Strength antacid, an effervescent antacid that competes directly with Miles Inc.'s Alka-Seltzer, which holds an estimated 11% share of the antacid market.

Bristol-Myers' new Medacid isn't the first antacid in pill form. In 1987, Miles tested Maxion, positioned as "easy to swallow with water." The product was later dropped.

One problem such a product could face is the consumer perception that a person should feel an antacid working, such as when a liquid goes into the stomach, said the pharmaceutical industry executive.

Bristol-Myers is said to be emphasizing convenience and speed in sales demonstrations to retailers, dropping Medacid and a chewable tablet into a glass of water—seemingly to show how quickly Medacid dissolves.

Working in Medacid's favor, the industry executive said, is the convenience of a pill. Sales of chewable antacids are growing in double digits because of the convenience, while liquids have had single-digit declines through April, the executive said. □


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